Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

UNCLASSIFIED

PAGE 01 ATHENS 05928 211634Z

66
ACTION EUR-25

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 DODE-00 PM-07 H-03 L-03 PA-04 PRS-01 USIA-15

INT-08 DRC-01 /184 W
---------- 008862
R 211427Z AUG 74
FM AMEMBASSY ATHENS
TO SECSTATE WASHDC 5047
INFO AMCONSUL THESSALONIKI
AMEMBASSY MOSCOW
USMISSION EC BRUSSELS
USMISSION OECD

UNCLAS ATHENS 5928

E.O. 11652: N/A
TAGS: EGEN, EFIN, ETRD, GR
SUBJECT: MISCELLANEOUS ECONOMIC DEVELOPMENTS

REF: A) ATHENS 5836; B) ATHENS 5845

1. IN ADDITION GOG ANNOUNCEMENT RE NEW ECONOMIC PROGRAM REPORTED REF A IN DETAIL, FOLLOWING SIGNIFICANT DEVELOPMENTS HAVE OCCURRED RECENTLY IN ECONOMIC SHPERE.

A. COMMON MARKET - ON AUGUST 18 PRESIDENT OF EUROPEAN PARLIAMENT CORNELIS BERKHOUWER ARRIVED TO DISCUSS WITH GOG UNFREEZING OF EEC ASSOCIATION AGREEMENT AND GENERAL COMMON MARKET MATTERS. HE INDICATED A KEY ELEMENT IN UNFREEZING WOULD BE FREE ELECTION OF A PARLIAMENT (SEE REF B).
B. BANKING - GOG ANNOUNCED THAT CURRENCY IN CIRCULATION GREW BY A WHOPPING 6.7 BILLION DRACHMAS DURING SECOND HALF OF JULY TO 68.2 BILLION DRACHMAS. INCREASE WAS MOSTLY
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PAGE 02 ATHENS 05928 211634Z

DUE TO PRESSURE OF COSTS OF MOBILIZATION AND HEAVY DRAWDOWN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

OF COMMERCIAL BANK DEPOSITS. COMMERCIAL BANKS RESUMED NORMAL
OPERATIONS AUG 19 AFTER GOG SUSPENSION OF WITHDRAWALS FOR
TWO DAYS DUE TO HEAVY DRAWDOWN OF DEPOSITS INSPIRED BY CYPRUS
CRISIS. GOG REPORTS FOR AUG 19 AND 20 REFLECT RETURN OF
DEPOSIT AND WITHDRAWAL RATES TO MORE NORMAL LEVELS
C. EXPORT RESTRICTION MODIFICATIONS - COMMERCE MINISTRY HAS
AGAIN AMENDED EXPORT RESTRICTIONS LIST, ADDING NINE
CATEGORIES AND SUBTRACTING TWO. THOSE RESTRICTED (I.E. FOR
WHICH SPECIAL APPROVAL FROM COMMERCE MINISTRY NECESSARY)
INCLUDE CERTAIN VEGETABLES AND CHEMICALS, ARTIFICIAL RESINS
AND PLASTICS, FERRO-ALLOYS (EXCEPT FERRO-NICKEL), UNWROUGHT
ALUMINUM, ALUMINUM WASTE AND SCRAP; LEAD; ARMS AND
AMMUNITION; BLOOD TRANSFUSION APPARATUS. RESTRICTIONS
HAVE BEEN LIFTED ON JEWELLERY, GOLD AND SILVER WARES;
WORKS OF ART AND COLLECTORS' PIECES
D. SHIPOWNERS DONATION - GREEK SHIPOWNERS HAVE ANNOUNCED
A DONATION OF APPROXIMATELY DOLS 70 MILLION TO GOG. ORIGINALLY
SHIPOWNERS INDICATED SUM WOULD GO TO NAVY, BUT IN AUG 17
CARAMANLIS - ZOLOTAS PRESENTATION ON NEW ECONOMIC PROGRAM,
COORDINATION MINISTER STATED IT WOULD BE USED TO MEET
UNFORESEEN EXPENDITURES OF GREEK STATE BUDGET. (STAVROS
NIARCHOS REPRESENTATIVE ANNOUNCED DOLS 4.4 MILLION CONTRIBUTION
ON AUGUST 17).
E. POWER - GOG HAS ANNOUNCED THAT CONTRACT BETWEEN PUBLIC
POWER CORPORATION (PPC) AND USSR'S ENERGOMACHEXPORT FOR
PHILIPPI PEAT PLANT NEVER OFFICIALLY RESCINDED BY
ANDROUTSOPOULOS GOVERNMENT. STATEMENT DID NOT FURTHER
CLARIFY STATUS OF PROJECT. IN LINE WITH NEW GOVERNMENT'S
POLICY TO REPLACE TOP OFFICIALS IN SEMI-AUTONOMOUS PUBLIC
AGENCIES JOHN ECONOMOPOULOS REMOVED AS PPC GOVERNOR. HE
REMAINS ACTING GOVERNOR PENDING THE DESIGNATION OF SUCCESSOR.
F. PRICES - CONSUMER PRICE INDEX REGISTERED A ONE-TENTH
OF ONE PERCENT DECLINE IN JULY COMPARED TO JUNE 1974.
JULY 1973-74 FIGURES SHOW 31.8 PERCENT INCREASE. NATIONWIDE
WHOLESALE PRICE INDEX DOWN FOUR TENTHS OF ONE PERCENT IN
JULY COMPARED WITH JUNE 1974, UP 40.7 PERCENT FOR
JULY 1973-74.
G. BALANCE OF PAYMENTS - ACCORDING TO BANK OF GREECE GOLD
AND FOREIGN EXCHANGE RESERVES (EXCLUDING UNUTILIZED SDR'S
AMOUNTING TO DOLS 32.7 MILLION STOOD AT DOLS 924 MILLION
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ON JUNE 31, 1974, COMPARED TO DECEMBER 31, 1973 LEVEL
OF DOLS 1,016 MILLION.
TASCA

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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NNN

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